SALES & MARKETING MANAGEMENT

JANUARY 1992
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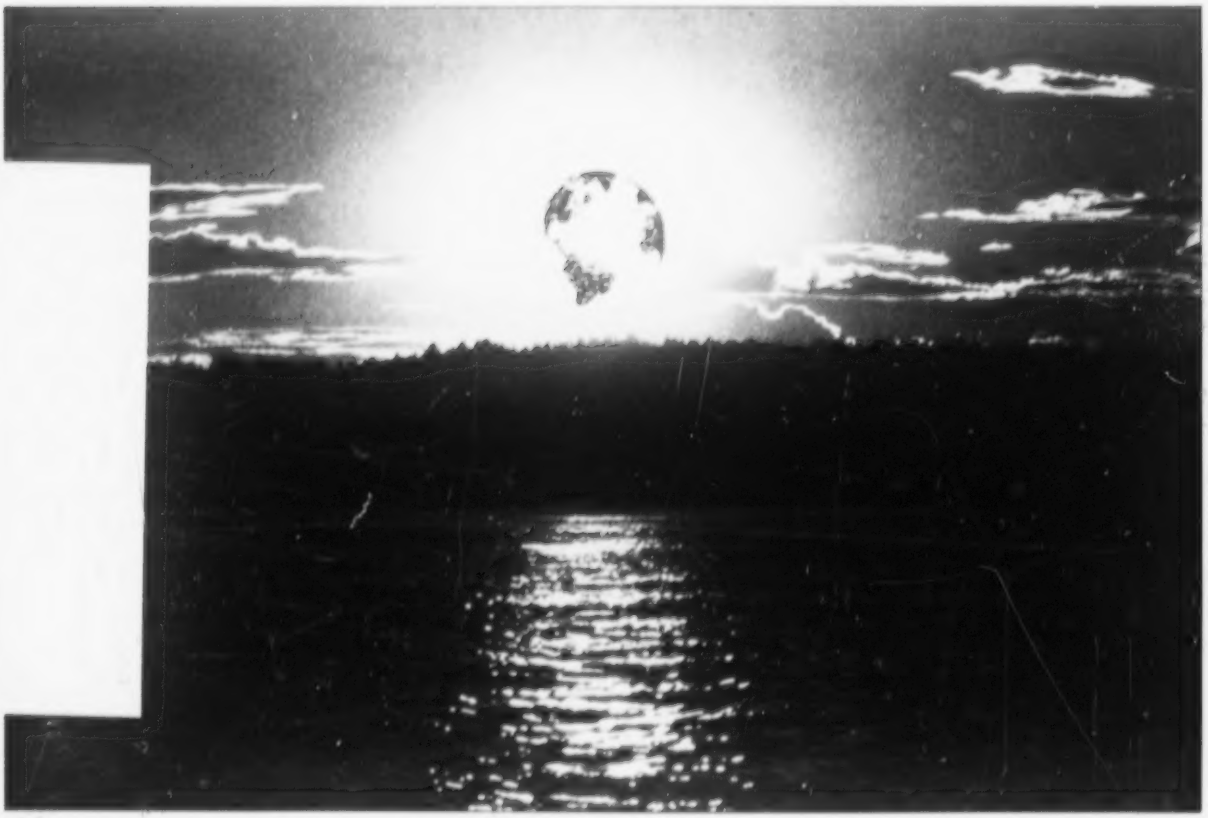
GOING GLOBAL
A NEW PERSPECTIVE



COMPUTERS
Automation:
Pointers
On Process

SALES MANAGEMENT
The Precision
Selling Payoff

BEDA AWARDS
Readers Choose
Their Favorite
Dining Spots

JANUARY 1992
A BILL PUBLICATION
ESTABLISHED 1918

SALES & MARKETING MANAGEMENT

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COVER BY CARL FURROW AND JOY SATTERWHITE

ABP BPA

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MEDIA OUTLOOK: THE BYWORD IS "FLEXIBILITY"

The bad news for media companies may be good news for marketers.

There's no easy way to put this, no way to get around the reality: The outlook for assorted media markets—broadcast and cable TV, newspapers, outdoor, radio, consumer and business magazines—isn't good. In fact, it's downright threatening for some media companies.

It's not exactly 1929—media executives aren't jumping out of windows—but staffs are being cut, some companies are folding, and all of them are tightening their belts in response to poor market conditions. Here are a few examples:

- At CBS Inc., 400 people were laid off over the last year or so, amounting to a 6% reduction in the work force. At the *Atlanta Journal and Constitution* there was a similar 2.5% reduction.
- Cahners Publishing and Gralla Publications, trade publishing houses that have traditionally been bellwethers of stability in parlous times, announced staff reductions of 7% and 21%, respectively.
- According to the September/October 1991 issue of the *Columbia Journalism Review* (*CJR*), ad linage at the *Wall Street Journal*—the foremost business publication in the world—dropped 9.7% in 1990, 21.2% in the first quarter of 1991, and 9.4% in the second quarter.
- In the first six months of 1991, Gannett's earnings were down 20%, the New York Times Co.'s were down 76%, and ad pages at Media General were off by 50%.
- A *CJR* chart of advertising revenues for 10 major media companies showed decreases—ranging from 3% for Hearst to 12% for both Times Mirror and NBC and 13% for CBS TV—from the same period a year earlier.
- *Media Industry Newsletter* (*MIN*), in an item titled "The Summer Was Grim," reported that ad industry publications—including *Advertising Age*, *ADWEEK*, and related publications in the BPI stable—were down in advertising pages by 41.95% between July and September, and an aggregate of 30.35% through 1991's third quarter against the same period in 1990.
- *MIN*'s "Weekly Boxscores" of advertising page comparisons for major consumer publications showed year-to-date drops for stalwarts like *Business Week* (19.11%), *The New Yorker* (19.73%), and *People* (11.19%). The few bright spots included *USA Weekend*, up 0.6%; *Entertainment Weekly*, up 7.93%; *Parade*, up 3.27%; and, interestingly, *The Congressional Quarterly*, up 19.12%. And on November 7, Time Warner simply eliminated *Life*'s 12-person advertising sales staff altogether. Instead, the sales staff of *People*, in the perhaps naive hope that they can "piggyback" a buy in one magazine into a buy in the other as well, will also try and sell *Life* while on calls.
- As for broadcast TV, revenues were down 4.9% overall for the first half of 1991 vs. the first half of 1990, according to the Television Bureau of Advertising (TVB). Spot TV, for example, was down 8.4% to $2.4 billion, local was down 4.9% to $2.3 billion, and network was down 7.1% to $1.8 billion. Only national syndication revenues (including those from the Fox network) were up, rising 23.9% to $900 million.
- Of the top 25 advertising categories for local TV advertising, only six showed advertising revenue increases (five were in the range of 1% to 6%). The only significant increase was the 23% posted for appliance stores. The remaining 19 showed percentage declines of up to 31% (this last was for the especially troubled hotel and resort industry).

SHARING THE MISERY

"The only comfort we can take in these figures is that our competition is suffering losses as well," says Jim

CARL WESER

Joyella, president of the TVB. "For the first half of '91, magazine revenues are down 6.5%, radio billings are off about 4%, and newspapers have posted a 7.1% decline. It's clearly an overall slump in the U.S. media economy that we hope will turn around in early '92."

Maybe so. But in the meantime, there's some good news for marketers—both business-to-business and consumer alike. It starts, oddly enough, with the announcement of the premiere issue of a new quarterly magazine from the Assn. of National Advertisers (ANA) called *The Advertiser*. Leaving aside any consideration of the magazine's editorial content, its mere existence (plus its 47 ad pages) indicates that companies that advertise—in this instance the 250 "big guys" out there—are determined to wield some clout themselves.

In other words, no longer will the people on the media side set *all* the basic rules themselves. To judge from just one issue of *The Advertiser*, it's the ad ration time again.

A few years ago, for example, the print advertising committee of the ANA let the newspaper industry know—in no uncertain terms—of its

Net Income of Media Companies, 1990

COMPANY	1990 SALES (MIL.)	1990 NET INCOME (MIL.)	% NET DOWN FROM 1989
Capital Cities/ABC	$5,480	$478	-1.6
Times Mirror	3,633	180	-39.0
CBS	3,516	111	-63.0
Gannett	3,446	377	-5.0
Knight-Ridder	2,305	149	-40.0
New York Times Co.	1,777	65	-76.0
Dow Jones	1,728	107	-66.0
Washington Post Co.	1,439	175	-12.0

SOURCE: *Fortune*: April 22 and June 3, 1991

great displeasure with a situation large and small advertisers alike have long resented: the fact that newspapers have long given special rates and positioning consideration to retailers. From the newspapers' point of view, of course, this only made sense, since retailers have been newspapers' bread-and-butter advertisers for more than 75 years.

But in the first half of 1991, retail advertising expenditures in newspapers declined 8.03%, according to the Newspaper Advertising Bureau (NAB), while advertising expenditures overall decreased 7.05%. National advertising, on the other hand, kept the faith with a relatively minor 0.12% drop. The question is, does this kind of "faith keeping" by advertisers merit reward in kind? Some articles in *The Advertiser* indicate it does—not only for national advertisers but for all other non-retail advertisers as well.

The debate rages on, but the bottom line is this: Advertisers have gained a sudden, selective clout they never had before.

"I go into a sales call with a rate card and some suggestions," admits the publisher of a leading trade publication who prefers to remain anonymous, "but I also go with a willingness to listen. And if that sometimes means that by the end of the call I've had to totally change what I'm offering and what it costs, fine. I'm still making a sale of some sort, and that's enough today.

"It's not like it used to be," he continues, "when you used to read articles in media industry publications about whether or not it was wise—or ethical—to go off the rate card. Instead, today, it's useless to even start with the rate card. You've got to be flexible. And you've got to talk up *flexibility* the moment you walk in, sit down, and begin selling. It's no longer just 'Here's what we can do for you.' Because we're not mind-readers, we have to ask advertisers and marketers right up front, 'What would you *like* us to do for you?' And then you try and find some common ground, some points you can work on together, and some pricing that fits the available budget. That's the new reality of flexibility. And after twenty years in this business, I'll bet it's the same in every kind of media."

Jack Berkowitz, publisher of *News, Inc.*, a trade publication aimed at top newspaper management and marketing people that competes for advertising with the venerable *Editor & Publisher*, says much the same thing. Berkowitz stresses that although he never goes off the rate card on a call, he also never goes into a sales call without several options for his advertisers. He, too, emphasizes both the urgency and efficacy of flexibility.

It's a term that has also become a part of the ad agency's lexicon—though it isn't always labeled as such. Speaking at a forum at The Center for Communications in New York City entitled "Advertising: Selling Time or Selling Out?" Ed McCabe, chairman of McCabe & Co., noted that agencies making presentations to client companies now use the term "rub-off" to indicate nontarget audience segments they try to pick up with their media programs, in addition to duly-targeted segments. The investment and interest in "rub-off," McCabe seems to be saying, is inevitable in *any* advertising media, given current market conditions.

THE NEW MASS MARKETS

The notion of "rub-off" also suggests, in some small way, that traditional mass marketing isn't as dead as some niche marketers would have us believe. It may simply be that there's no lock on mass media anymore, given the number of options available to any consumer armed with cable and a VCR.

Many marketing campaigns obviously unfold on a regional basis or niche. That doesn't necessarily preclude their being interested in mass distribution, however, especially given McCabe's suppositions about rub-off. A heterogeneous audience is simply being made available in smaller—and more affordable—segments. How else can you explain those carpet-floor covering or appliance stores that have upped their local TV advertising by 6% and 23% respectively than as mass marketers in search of a larger mass? Area rugs and coffeemakers, after all, are very much mass-market items. ►

Communications Industry Segments

COMMUNICATIONS INDUSTRY SEGMENT	NUMBER OF COMPANIES IN SEGMENT	1990 ADJUSTED SEGMENT REVENUE ($BIL.)	1990 ADJUSTED SEGMENT REVENUE (% OF TOTAL)
Newspaper publishing	38	$19.0	17.50%
Television & radio broadcasting	64	17.9	16.5
Business information services	52	16.6	15.3
Cable TV	44	14.9	13.7
Filmed entertainment	38	12.3	11.4
Magazine publishing	24	8.5	7.8
Advertising agencies	9	6.8	6.3
Book publishing	25	6.4	5.9
Recorded music	6	6.1	5.6
Nine-segment total	$300	$108.5	100.0%
Miscellaneous communications	44	5.8	—
Communications industry total	$344	$114.3	—

SOURCE: Veronis, Suhler & Assoc.

End-User Cost Per Person Per Hour

MEDIUM	1985	1990	DIFFERENCE
Television	$0.30	$0.05	$0.02
Broadcast TV*	0.00	0.00	0.00
Cable TV*	0.20	0.20	0.00
Radio	0.00	0.00	0.00
Recorded music	0.14	0.18	0.04
Newspapers	0.25	0.29	0.04
Consumer magazines	0.27	0.46	0.19
Home video†	1.01	1.19	0.18
Movies	1.79	2.29	0.50
Average	$0.07	$0.11	0.04%

SOURCE: Veronis, Suhler & Assoc.; Wilkofsky Gruen Assoc.
*Although broadcast TV programs are also reviewed via cable systems, the cost of cable in these calculations is allocated to cable-originated programs.
†Per household.

There are other indications that the mass market still exists, though marketers may not want to identify it as such. The new Bill Cosby retread of the old Groucho Marx television quiz show *You Bet Your Life* may be passing up the networks for syndication—the only segment of broadcast TV that saw a growth revenue for 1991—but not to forsake the mass market audience. As of late October, Cosby's production company, Carsey-Werner, had more than 35% of the country cleared with sales to local television stations for fall '92.

Cable TV, incidentally, is also growing in acceptance as a mass marketing vehicle. According to *1991 Cable TV Facts*, published by the Cable Advertising Bureau, cable had achieved penetration of 59% of American households by the end of 1990, up from 46.2% in 1985. Through those same years, cable advertising revenues grew from $815 million ($167 million for local cable, $14 million for regional sports, and $634 million for cable networks) to $2.5 billion ($635 million in local cable, $102 million in regional sports, and $1.8 billion in cable networks).

As a result, cable is finally a major player—and a popular one, too. A Roper Organization poll of 2,000 adult TV viewers showed that in 1989, 47% of those surveyed found cable "full of variety" as opposed to 28% feeling that way about broadcast TV. And while 30% noted that broadcast TV is "getting worse," only 12% felt that way about cable. (Only 16% of those surveyed, however, felt cable was "getting better" as opposed to 19% who felt that broadcast TV had indeed tried hard to improve its act.)

MORE MEDIA OPTIONS

Besides the return of the mass market—by stealth and/or rub-off—there's more good media outlook news for marketers in other areas.

In outdoor advertising, for example, Tom Teepell, senior vice president of the Institute of Outdoor Advertising, has talked to three or four major members about their results. "It looks like they'll be reporting two- to three-percent increases in revenues for 1991," Teepell says, although he cautions that all the figures haven't been compiled yet.

"With a few exceptions, outdoor advertising companies are usually run by entrepreneurs," he adds, "not big conglomerates. So they're run somewhat differently. They don't have the big overhead that leads to big losses for media companies."

Teepell notes that 1990 was a good year for those same entrepreneurs, since outdoor advertising reaped $1.5 billion in revenues, "and that was in a relatively flat economy." As for the industry as a whole, he thinks "we came out of it relatively unscathed—at about the same as we did the year before. And we came out of it with two of our previously biggest categories, liquor and tobacco, declining. That's because we identified new areas of opportunity for outdoor, and that's where entrepreneurial-type companies can move quicker than others. I'm really encouraged, and quite frankly, I expect the same kind of results for 1991 when all the figures are in. We could close at about a two-percent increase in revenues, and I think any medium would accept that kind of increase in this economy."

It's a similar situation in radio, the advertising medium of portability and 24-hour convenience, and the medium Americans of all economic levels traditionally spend the most time with during the key shopping hours of 6 a.m. to 6 p.m. (when most purchases are made).

Laura Morandin, communications manager of the Radio Advertising Bureau, cites a year-to-date index of radio revenue pool numbers showing that for January through August 1991 vs. the same period in 1990, "Radio advertising revenue is down 2.9%. But that doesn't include network radio, which is up 1.7%." However, Morandin admits that network radio is a very small segment of an overwhelmingly localized market. In 1990, she adds, "Radio revenue grew 5%."

Furthermore, a recent *New York Times* story quoted Robert Coen, a media analyst for McCann-Erickson in New York City, as predicting that radio will be the only advertising-driven

Growth Forecast for Communications Industry Spending

CATEGORY	1991	1992	1993	1994	1995	CAGR*
Television broadcasting	1.9%	7.2%	5.4%	9.2%	6.4%	6.0%
Radio broadcasting	4.0	6.5	8.2	7.8	6.6	6.6
Cable TV	9.3	8.1	7.9	8.7	6.9	8.2
Filmed entertainment	6.1	9.3	9.7	8.8	7.6	8.3
Recorded music	6.0	3.1	4.9	5.0	5.1	4.8
Newspaper publishing	0.6	4.5	6.4	9.4	6.8	5.5
Book publishing	4.1	7.9	8.4	8.2	8.7	7.4
Magazine publishing	3.2	3.9	7.0	10.2	7.3	6.3
Business information services	7.6	8.4	8.5	8.6	8.7	8.4
Total spending	4.1%	6.6%	7.4%	8.8%	7.3%	6.8%

SOURCE: Veronis, Suhler & Assoc.; Wilkofsky Gruen Assoc.
*Compound annual growth rate

entertainment medium to gain revenue in 1991. Morandin concurs, saying that "the final results should show about a one-percent increase." Obviously, this will be largely attributable to stepped-up advertising before Christmas, but it's hard to argue with the facts: If marketers are concerned about 24-hour, 7-day-a-week flexibility, radio is always there—and at prices well-known to be lower than, say, spot TV or newspaper advertising.

For business-to-business advertisers—in spite of the fact that ad pages are down some 5% to 20% (and more)—what the American Business Press (ABP) has termed "specialized business publications" may still remain a marketer's best buy—particularly if the economic situation remains unstable.

According to a recent ABP survey of more than 13,000 "business and professional buying influencers," industrial and professional buyers alike gave specialized business publications a usefulness rating of 75.1% on a scale of 100%. Salespeople, by contrast, were rated 67.6%, followed by trade shows at 66%; conventions/seminars, 60%; direct mail, 56%; directories, 47%; general business publications, 36%; daily newspapers, 32%; news magazines, 25%; network TV, 22%; radio, 21%; consumer magazines, 21%; and, finally, cable TV, 16%.

These overall results were similar to those achieved among 11 specific "influencers" analyzed: architects, the grocery industry, telecommunications managers, the trucking industry, the restaurant and food services market, the packaging industry, office equipment and supplies dealers, physicians, home improvement retailers, the chemical industry, and, most impressive, marketing and advertising industry professionals.

Better yet, the study further showed—on a cost-per-contact scale based on the average six-time, four-color page rate of publications participating in the study vs. published rates (or generally accepted industry averages) for the other options considered—that specialized business publications also make the most dollar sense. They average only 15¢ per contact, as opposed to 73¢ for direct mail, $1.21 for general business magazines, $23.25 for telemarketing, $137.50 for trade shows, and $248 per sales call.

THE FORECAST

In that bible for leveraged buyout brokers, buyers, and investment bankers otherwise known as *The Veronis, Suhler & Associates Communications Industry Report* (October 1991 edition), its authors note that "communications industry spending is expected to increase to $262.8 billion by 1995, growing 6.8% on a compound annual basis. Advertiser spending is projected to expand at a 6.1% annual rate, while end-user spending growth is estimated at 7.4%. By 1995, advertiser spending will reach $112.2 billion; end-user spending will rise to $150.7 billion." The report, incidentally, is based on the analysis of data from 274 publicly reporting companies "participating in 344 lines of business in the communications industry."

The report makes similar projections for every segment of the communications industry: TV, radio, cable TV, films, the recording industry, newspapers, book publishing, magazines (of all kinds), and even business information services, where Veronis, Suhler & Assoc. predicts that "spending will increase at an 8.4% compound annual rate, rising from $22.8 billion in 1990 to $34.0 billion in 1995."

The above figures, to be sure, are only projections (albeit ones based on five-year financial performance reviews), and even the Veronis, Suhler report admits that "in 1990, the crisis in the banking system curtailed liquidity throughout the economy. That crisis, combined with developments in the Persian Gulf and the sharp drop in consumer confidence, plunged the economy into a recession...."

Nonetheless, these projections, fundamentally optimistic ones, predict that advertisers, marketers, and the media they utilize will indeed climb out of the "slough of despond" (to borrow a phrase from John Bunyan's *Pilgrim's Progress*) they currently find themselves in.

The immediate situation, however, remains somewhat grim. A survey by Beta Research Corp. conducted for *Advertising Age* of both advertisers and their agencies noted that more than 60% of the agencies responding said the recession has led their clients to cut their business-to-business media budgets in 1991; another 26% said budgets were the same for 1991 as they had been for 1990. Among the clients surveyed, however, more than 43% reported business-to-business budget *increases*, 41% said their spending levels were flat, and 15% said their budgets had been cut during the current recession.

More ominously for the communications industry—but also a sign of increased opportunities for marketers willing to take some chances in this vascillating economy—52.5% of agency respondents to the same Beta Research study noted that the recession has resulted in active rate discounting. In turn, 47.5% advertiser respondents noted that if a media decision came down to making a choice between one of two properties, they'd opt for a *value-added* one at additional cost, 29.7% would favor one without any value-added options, and 22.8% would favor neither. Yet, a huge 75.2% of advertiser respondents expect those same value-added options to be offered *at no additional cost*, while only 22.8% expect to pay more.

Advertisers have now gained a sudden, selective clout that they never had before.

The myriad opportunities, it seems, are still out there and are likely to stay there for some time to come. The same is true for the new flexibility, which business-to-business advertisers now await as a matter of course. And they may not even have to pay extra for it.

In fact, flexibility and compromise would seem to be the order of the day for *all* media. As the eminent advertising industry authority Dr. Leo Bogart (former executive vice president of the NAB) noted recently when speaking before the Freedom Forum Media Studies Center of New York's Columbia Univ., "While the glory of the American media is its dedication to craftsmanship and public service, it's also always constrained by the business necessities of survival."

And more than one media executive will agree with Bogart that "the rationalization of compromise is always the need to live and fight again another day."

AUTOMATION: POINTERS ON PROCESS

Before leaping to automate your sales and marketing function—do your homework.

By BARTON GOLDENBERG

In the December 1990 issue of S&MM, *Barton Goldenberg provided a handy guide on how to select the right sales and marketing applications software. The article, "How to Pick the Best from the Rest," generated hundreds of calls from end users wanting to know how to automate their own sales, marketing, and/or customer service functions.*

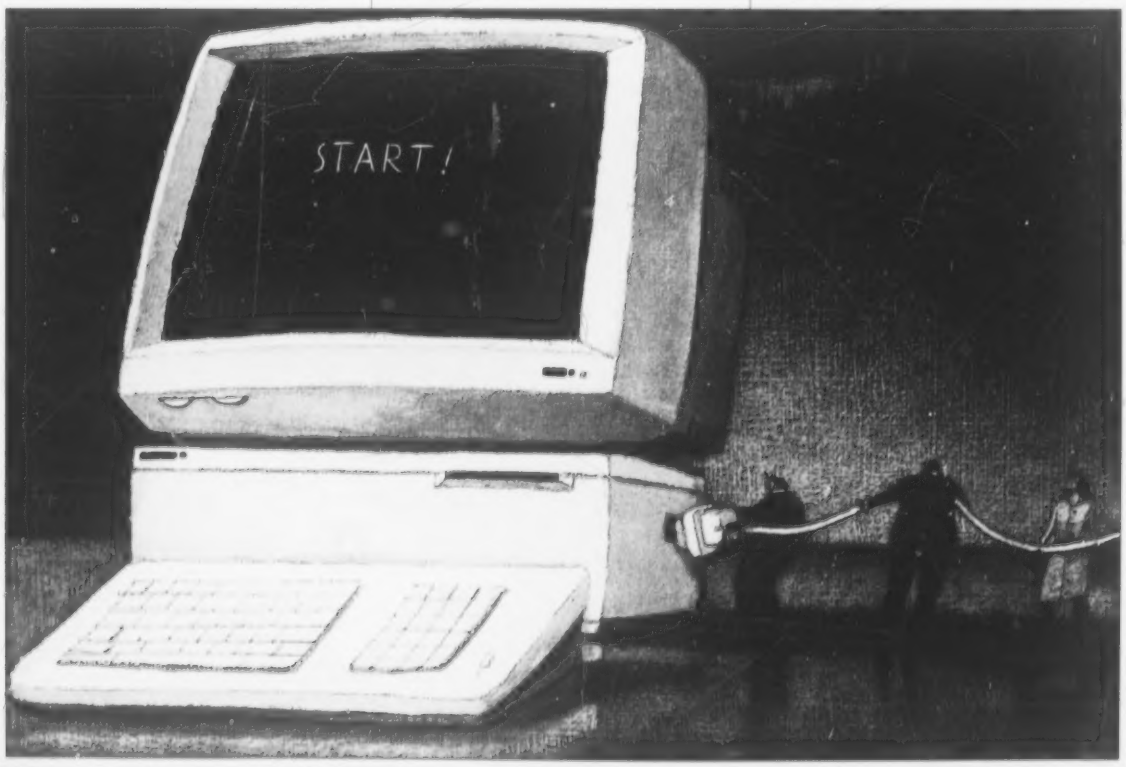
During the past six years, Goldenberg has applied a four-stage "getting started" program for his clients in the U.S. and Europe. The following article details this process.—Ed.

Bringing your sales force into the computer age involves equal amounts of reflection and action. To proceed without a well-thought-out plan means risking the solid foundation that's essential to a successful automation program. For those of you about to embark on this important journey, I offer the following guidelines—a series of signposts on the road to hi-tech enlightenment.

STAGE ONE: PREPARATION

In the preparation stage, you should form a project team consisting of the following:

- **A project champion,** preferably a



DAVE CUTLER

senior executive, responsible for ensuring appropriate managerial and financial backing throughout the project. The project champion will be involved, on average, six hours per month during the 6- to 12-month project life cycle.

■ **A project leader,** who's responsible for implementing the project on a day-to-day basis. This will usually be a full-time position during the project's life cycle.

■ **A project user group,** comprising sales and marketing end users who are responsible for providing input to the project leader during the project's conceptualization phase, and who test the system during the design and implementation phases. The project user group will be involved, on average, eight hours per month during the 6- to 12-month project life cycle.

The project leader's first task is to draw up a description of the proposed sales and marketing automation project. This initial description should be driven first and foremost by the company's business strategy and should begin to describe how automation will improve existing business processes—or even change them, if this is necessary to get the full payout from automation.

STAGE TWO: APPROVAL

Here, your objective is winning management approval for your proposed automation system. The critical importance of this phase can't be overemphasized, since acceptance of your project may require sign-off from sales management, customer service management, marketing management, and other top executives.

We've also found that a Business Concept Paper is a valuable document that can help create and ensure top management commitment to the sales and marketing automation project. The Paper should address such issues as objectives and end vision; key drivers; principal benefits; alternative approaches and costs; implementation recommendations; and an action plan.

STAGE THREE: S.A.M.A.N.A.

In order to ensure that the project will satisfy its users' requirements, it's necessary to perform a formal, in-depth analysis of users' needs, a five-step process that we label our "Sales and Marketing Automation Needs Audit."

The audit starts off with brainstorming sessions conducted with users to reveal their "perceived" needs. This is followed by the distribution of needs analysis questionnaires, which identify such issues as users' key decisions, as well as internal and external requirements. If possible, team members should also observe users in actual contact with customers and/or suppliers, in order to reveal daily work procedures and confirm external requirements, in addition to uncovering other areas of importance to the project.

You're now ready to produce a formal needs analysis report. This usually consists of: 1) an *overview,* which includes sections covering observations, statement of needs, recommended solutions, benefits of implementation, and next steps (such as a request for proposal); and 2) *appendices,* which include the tabulations resulting from the brainstorming sessions, the questionnaires, observation of user/customer interaction, and any other supporting analyses.

The needs analysis report should then be submitted to the project champion, who will eventually present it to the company management team.

STAGE FOUR: NEXT STEPS

Based on the results of your Sales and Marketing Automation Needs Audit, your next steps will likely include:

■ Designing a pilot system based on your company's specific needs, including business functions, technical features, compatibility with existing computer hardware, etc.

The Rewards of Automation

Information Systems Marketing recently completed a sales and marketing audit for a copying machine maker that measured both the impact and potential of automated systems on sales force productivity.

The audit determined that automating activities such as lead tracking, time scheduling, and account profiling would result in an average time savings of one hour per day per salesperson. Sales reps would gain an additional 26 *days* of work time a year. Similar measurements for customer service reps and top management showed savings of 30 minutes and 20 minutes per day, respecfively.

But time saved isn't the only reward. Proposal generation, an arduous task for both sales and marketing departments, would become far more user-friendly, because many proposal components—such as standard proposal paragraphs, on-line pricing information, and customer information (name, address, discounts, etc.)—can be automatically incorporated through automation.

It was recommended that a Dun & Bradstreet prospect database the client was using be supplemented with a data entry function whereby users could enter new prospects from a variety of sources, including cold calls, telemarketing, trade shows, etc. Customer prospects could then be sorted and assigned according to pre-defined criteria. The end result: more (and better) prospects.

Most dramatic of all, however, was automation's impact on the bottom line. Overall sales force productivity would increase by a minimum of 20% per year, and base business could be met and exceeded by a minimum of 10% per annum.

SFA Revenues to Quadruple by 1997

While many executives are still waiting for solid proof of sales force automation's (SFA) payoff, those looking for a competitive edge will kick SFA hardware spending into high gear—from an estimated $3 billion this year to more than $10 billion by 1997—resulting in a compound annual growth rate of 27.5%.

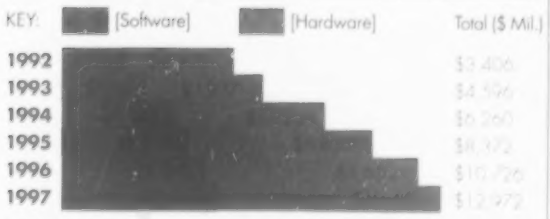
This glowing forecast appears in *Sales Automation Equipment Markets and End-User Strategies*, a newly released report by Market Intelligence Research Corp. (MIRC), a Mountain View, Cal.-based research firm that tracks hi-tech industries. In an earlier report, MIRC predicted that SFA software revenues would skyrocket from $413 million to more than $2.5 *billion* during the same five-year period, resulting in a combined hardware/software market gain of 500% between 1992 and 1997.

Noting that "resistance to sales automation has been strong," the report notes that much of this skepticism is being whittled away by greater functionality and lower prices of portable computing and communications gear, as well as such factors as increasing work force computer literacy and the continued success of existing installations.

Large field sales forces and telemarketing sales forces have been the quickest to adopt SFA, the report says, adding that "much of the future growth will come from small to mid-size firms, manufacturers' reps, and other independent salespeople."

In addition, SFA will become a worldwide phenomenon in the nineties, as more corporations gear up for global marketing. Between 1990 and 1997, the report states, Europe's share of total SFA equipment sales will double—from 11.6% to 23.1%; the U.S. share will slip from 82.6% to 67.4%, and the "rest-of-world" share will rise from 5.8% to 9.5%.—*TCT*

Soaring Sales Force Automation Market Revenues



SOURCE: MIRC, *Sales Automation Equipment Markets and End-User Strategies* and *Sales Automation Software Markets*

- Establishing quantifiable measurements for assessing the benefits of the pilot system. These include increases in time spent on sales calls, proposal generation, and order closing, and decreases in the time spent searching for prospects and performing administrative tasks.
- Selecting a vendor to custom-tailor your company's pilot system or choosing an off-the-shelf sales program that best addresses your needs (see *S&MM*'s "Directory of PC-Based Sales & Marketing Applications Software," December 1991).
- Implementing your company's pilot system with some or all of the company users.
- Monitoring the results of the pilot.
- Reviewing the pilot system results against the quantifiable measurements noted above.
- Making a decision on whether or not to go ahead with the "full build" and rollout of the proposed sales and marketing automation system.

Granted, this may seem a bit overwhelming at first, but by utilizing your internal staff—including the full-time project manager—the entire four-stage process described here should only take six to 12 months to implement. Or, if your budget permits, you can jump-start the process by using external sales and marketing automation experts, who should be able to complete the program in three to six months.

Before you jump in, however, remember that the sales and marketing automation graveyard is filled with the bones of well-intentioned efforts that failed—mostly due to inadequate or hasty foundation-building. The best guarantee for a successful sales and marketing automation program? Follow this simple piece of advice: "Homework first; automation second."

Barton Goldenberg is president of Information Systems Marketing, a Washington, D.C., marketing consulting firm. The second edition of ISM's Annual Guide to Sales and Marketing Automation *is available this month.*

BY THAYER C. TAYLOR, SENIOR EDITOR

LAPTOP USE IN SALES TRIPLES IN FOUR YEARS

If portables were the only bright picture in last year's lackluster PC industry sales, much of the credit goes to the mushrooming growth of sales force automation (SFA) programs, especially among blue-chip companies. In recent months, for example, AT&T, Honeywell Bull, IBM, and NCR began outfitting approximately 50,000 salespeople with laptops.

A new *S&MM* subscriber survey reveals that the share of companies rolling out SFA programs has tripled since the mid-eighties. Just under half (43%) of the respondents to this survey report their reps are using computers vs. only 14% in 1987.

Overwhelmingly, the firms cite the hope of boosting sales productivity as the chief catalyst for their SFA programs. Helping salespeople organize their activities more efficiently runs a close second.

Despite the rush of firms jumping on the SFA bandwagon, however, the leading software applications show little change from the mid-eighties. Retrieve/review data is by far the most widely used application, followed by proposals/presentations and building a database.

The most significant change is the sharp gain posted by proposals/presentations, which rose from third to second place, forcing building a database from second to third in the rankings. This is because, in addition to making a sales call more persuasive through the use of graphics, laptops also help salespeople build proposals in less time. By pulling the necessary product and price specs, discounts, and terms together from various databases (rather than poring through several bulky manuals), salespeople are able to shave hours from this often laborious process. Building a database, on the other hand, remains popular because it's a necessary foundation for target marketing.

A second major shift in applications emphasis is the greater interest in account management. Account tracking jumped from eighth place in the 1987 survey to fourth this year. One factor is the explosive growth in account management software, peren-

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TABLE 1

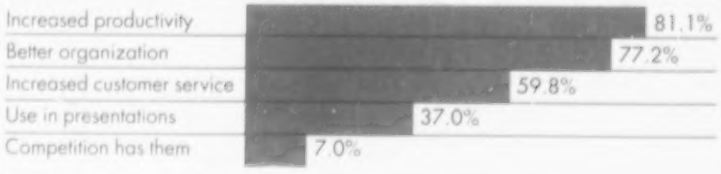
How Laptop Users Rank Applications

APPLICATION	1991 CURRENTLY USE	1991 WOULD LIKE TO USE	1987 CURRENTLY USE	1987 WOULD LIKE TO USE
Retrieve/review data	71.7%	8.7%	61%	14%
Proposals/presentations	58.1	19.7	37	31
Build database	55.9	17.3	59	16
Account tracking	48.0	16.5	25	20
Budget preparation	47.2	16.5	35	20
Sales forecasts	46.4	19.7	33	18
Long-/short-range planning	32.3	22.0	27	22
Lead tracking	28.3	24.4	*	*
Market/customer analysis	28.3	26.8	27	28
E-mail	26.0	22.8	25	31
Order entry	13.4	19.7	20	18
Customer leave-behind	7.0	20.5	4	12
Media planning	3.9	22.8	6	16

*Category not included

TABLE 2

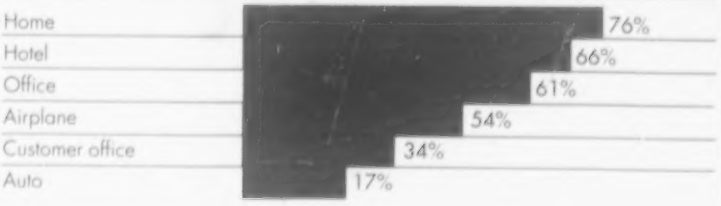
Why Salespeople Use Laptops



Note: Total exceeds 100% due to multiple answers

TABLE 3

Where Salespeople Use Laptops



Note: Total exceeds 100% due to multiple answers

SOURCE: Sales & Marketing Management, *1991 Laptop Computer Market Research Report*
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you might expect—except that all of the participants were under 28 years of age! And let's not forget that ever-present nemesis—*stress*.

Believe it or not, all these obstacles to your sales team's performance can be managed. In future columns, we'll address specific ways to attack each one individually.

LEADING BY EXAMPLE

Perhaps the best place to start upping the wellness quotient of your sales team is with yourself. What follows is a quick "Healthy Habits Assessment" that will help you find out what kind of shape you're in. Take a minute to read it through. What you'll find may surprise you.

1. To what extent, on a scale from 1 (very satisfied) to 5 (very dissatisfied) are you satisfied with your current overall health and wellness?
2. On a scale of 1 (none at all) to 5 (way too much), how much stress are you feeling at this time in your work life?
3. What kinds of health problems (including musculoskeletal), if any, have you had within the past two years?
4. Do you smoke? Do you drink more than one serving of alcohol per day? Has anyone in your family died from heart disease before age 50?
5. Are your blood pressure, resting pulse rate, serum cholesterol, and HDL/LDL ratio within the normal range?
6. Are you overweight? How many pounds would you like to lose?
7. Do you do regular cardiovascular exercise three to four times a week for 30 to 60 minutes to keep physically fit?
8. How nutritiously do you eat? Do you eat meals at regular times?

If you find that some of your health habits could stand improvement, I invite you to stay tuned for future columns. Help is on the way!

We also want to hear what your companies are doing, or need to do, to better address this important issue. Send us your stories. I guarantee your health, your employees' health, and your sales department's productivity will improve significantly as a result.

In closing, remember that William Shakespeare perhaps said it best: "Self-love is not so vile a sin as self-neglect."

Sandra Lotz Fisher, a former director of fitness and health of the YWCA of New York City, is president of Fitness by Fisher, a New York-based company that customizes fitness, stress management, and wellness programs for corporations.

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nially the second-largest category in *S&MM*'s annual "Directory of PC-Based Sales & Marketing Applications Software"—topped only by sales management. Last year, the category grew 22% vs. 20% for all such software titles. A more important factor, however, is that such packages make it easier for salespeople to stay on top of where their accounts stand in the sales cycle, allowing them to chart such things as sales potential, contacts, date and subject of the last call, and timing of the next call.

And although laptops give field salespeople the ability to communicate electronically with branch offices and headquarters—thus cutting down on time-wasting telephone tag—the area of E-mail continues to lag. This function ranks a low tenth among 13 applications surveyed, and cost is probably the biggest deterrent. In fact, with price cited as the most important consideration in laptop purchasing (40%), chances are that relatively few of the machines will be outfitted with modems, which are essential for E-mail.

Among the 80% of respondents who plan to buy more laptops for sales personnel, lower cost, less weight, and longer battery life top their wish list.

Computer firms still face a massive education job in converting holdouts to SFA, however. Among firms that haven't bought into SFA, "no perceived need" is far and away the primary reason—as it was in 1987—with budget constraints placing second in both surveys.

"MIDDLE-CLASS" REPS PROFIT MOST FROM SFA

Who gains the most from sales force automation? According to Arthur Sciarrotta, director of management consulting services for the accounting firm Coopers & Lybrand, those who reap the biggest benefits are the middle 60% of a company's sales force.

Speaking at the recent user conference of the newly formed Sales Automation Assn. (SAA), Sciarrotta, who has had considerable experience advising clients on SFA payback, asserted that the top 20% of a company's reps will continue to be leaders regardless of SFA, while the bottom 20% will, as always, be hard to improve.

However, Sciarrotta stressed that even a small gain in productivity results in hefty returns, citing the case of a company with 200 sales reps who average annual revenues of $500,000 and call on three customers a day. By having each rep make two additional calls per week, this could bring in $13 million in incremental revenues (based on 220 work days per year). This is the equivalent, says Sciarrotta, of adding 26 salespeople.

As for the necessary investment, Sciarrotta placed the total costs of SFA (hardware, software, and training, as well as ongoing elements such as licensing and communications) at $12,000 to $15,000 per rep, and the implementation cycle from 18 to 34 months.

TOGETHERNESS THROUGH SOFTWARE

As sales force automation (SFA) matures, the ability to interconnect different software applications—as opposed to today's stand-alone modus operandi—will become even more critical. Evidence that users are beginning to upgrade their software requirements surfaced in a survey of contact management software usage by a new newsletter specializing in SFA: *Desktop Marketing Alert*, Los Altos, Cal.

"As stand-alone products, contact managers help automate routine transactions so fewer customers fall through the cracks," says survey editor Russ Thomas. "When linked with other corporate information, the resulting synergy can drive completely new marketing or sales strategies." Thomas adds that in the future, "customers will want software that connects with other systems."

One-fourth of the 463 survey participants use contact managers, Thomas says, and the ratio is expected to rise to 33% this year. Overall, users rate the software 7.4 on a 10-point scale. One-third of the users rely on custom-made or in-house versions. ACT! (from Contact Management) has the biggest market share (13%) among commercially available brands, followed by Remote Control's Telemagic, at 6%.

The report, *Buying Trends and Customer Satisfaction in Contact Management Software*, costs $1,700. Call 415-949-6309 for further information.

Survey Datafact

THE RISE AND FALL OF BPI

The state projected to have the highest BPI increase in 1995 is Texas—in fact it will grow 4.7%, from 6.4282 in 1990 to 6.7320. The state with the greatest BPI decrease? New York, which will see its BPI drop 4.3%, from 7.6084 this year to 7.2810 in 1995.

SOURCE: *S&MM*'s *1991 Survey of Media Markets*